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Item No.: 1
Communication from Councilmember Price

CURREN D. PRICE, Jr.

May 13, 2015

Honorable Members of the Economic Development Committee

Re: Proposed Minimum Wage Policy

Dear Colleagues,

When I decided to go into public service my mission was clear. Being the son of working class parents, born and raised in South LA, I knew that my focus had to be advocating for an improved quality of life for my community and representing the needs of people like my parents. I can think of no better way to lead and serve those families, and the community I represent than to put forward a historic minimum wage policy for our City.

I was honored to join my colleagues, Councilmember Nury Martinez, Mike Bonin and Gil Cedillo, on a motion calling for higher wages citywide. Their leadership and counsel on this issue has been invaluable to the process.

The road has been long, but I think we have a lot to be proud of. In particular, I think the inclusive discussion process we have had to debate this issue has given the public an unprecedented amount of input into the policy. We commissioned three studies on this issue, and had a robust peer review of all the literature. We have held seven committee meetings to discuss our policy, including four community hearings from Watts to West LA, where we heard from more than 600 community members. It was incredibly powerful to see that kind of civic engagement around a policy issue. I'd like to especially thank Councilmembers Martinez and Bonin who as co-presenters of this motion attended every hearing and have spent countless hours holding individual meetings with stakeholders to help us improve this policy.

Fifty years ago, our civil rights leaders fought to bring forward a minimum wage that ensured a basic standard of living for all workers, no matter their field or education level.
The narrative then was that too many citizens, primarily people of color, were working at some of our toughest jobs, but being paid barely enough to survive on. These were nannies and janitors; housekeepers and homecare workers; bus drivers and cooks. Sadly, we find ourselves today, fighting for that same basic right.

As it stands today, a minimum wage worker would need to work almost two and a half jobs to afford the rent on the average apartment. We know that as we continue to creep out of the Great Recession, jobs have been added to our economy, but wages have shrank. We know that this disproportionately impacts people of color, living in communities like South LA, Panorama City, Boyle Heights, Pico-Union, Watts and Wilmington. We know that more than a third of those workers making a minimum wage are also parents. And we know that those children could be healthier and perform better in school if their parents were lifted out of poverty.

I am also a former small business owner. I owned a printing business with 5 employees including myself. I know the struggle of the entrepreneur, and during my time in the State Legislature, I was a leading advocate for small business. I have heard the concerns raised by the business community and wanted to make sure we did what we could to address concerns without watering down this critically needed policy.

I have also heard the concerns raised by non-profits, and understand how difficult it can be to be flexible when you are tied to inflexible government funding. And we value the work that these groups, who provide critical services and employ folks that many others won't, do for our City. We weighed that with the importance for our nonprofit community to lead with us as we work towards the common goal of improving the lives of everyday Angelenos.

For all of these reasons, I would like to recommend that the City Attorney be requested to prepare and present an ordinance to establish a City-wide minimum wage with the following provisions:

- Beginning in 2016, the minimum wage in the City of Los Angeles will increase annually as follows:
    - July 1, 2016 $10.50
    - July 1, 2017 $12.00
    - July 1, 2018 $13.25
    - July 1, 2019 $14.25
    - July 1, 2020 $15.00

- We will create a modified schedule for small businesses and non-profits as follows:
    - July 1, 2017 $10.50
    - July 1, 2018 $12.00
    - July 1, 2019 $13.25
    - July 1, 2020 $14.25
    - July 1, 2021 $15.00

Non-profits, would receive the same modified schedule if they have 25 or fewer employees; or alternatively they can apply for a waiver through the Bureau of Contract Administration (BCA) if their top executive earns less than 8x the wage of the lowest paid worker AND if they meet the following criteria:

- Serve transitional employees; OR
- Are primarily funded by State or Federal reimbursements that is more than 50% of their payroll

Beginning July 1, 2022 minimum wage will increase annually based on the average CPI over the previous 20 years. This rate will be established by BCA and announced on Jan. 1st of every year.

In regards to a youth wage, we should stay consistent with State law, which is 85% of minimum wage for 160 hours for workers 14-17 years of age.

And in regards to paid time off, we should develop policies that stay consistent with previous City wage policies. Similarly, we should also stay consistent with the City's hotel minimum wage in regards to service charges.

Furthermore, I am recommending that we instruct CLA/CAO to commission a study every three years of the minimum wage implementation, starting in 2018, to review the state of the City's economy, impacts of the minimum wage, and wage theft enforcement. And to collect economic data including jobs, earnings, and sales tax on an annual basis.

I want to address wage theft and discrimination in this City as well. The minimum wage enforcement recommendations made by committee last week, will come to full Council, along with this item, next week.